

**MINUTES**  
**GAMING ADVISORY COUNCIL**

*April 21, 2006*  
*Gambling Control Division*  
*Helena, Montana*

Please note: This is a summary of the Council meeting. The meeting in its entirety is on tape at the Gambling Control Division office at 2550 Prospect Avenue, Helena, Montana. Exhibits are on file in the office of the Gambling Control Division.

**COUNCIL MEMBERS PRESENT**

Rep. John Witt  
Bill Thomas  
Pam Kennedy  
Steve Morris

John Tooke, Vice-Chairman  
Nick Murnion  
Tim Carson  
Fred Guardipee

**DIVISION STAFF PRESENT**

Gene Huntington  
Rick Ask  
Kathy Baertsch  
Kathy Fisher

Ben Kamerzel  
Al Arvish  
Cregg Coughlin  
Jeff Bryson

**SUMMARY OF COUNCIL ACTION**

- ♠ The Council reviewed and made recommendations for legislation to revise the card game act.
- ♣ The Council voted unanimously to take no action on the negative video gambling tax.
- ♥ The Council voted unanimously to not proceed with legislation regarding display of the rate of return on vgms.
- ♦ A motion passed unanimously to have the Division draft legislation on proposed bingo changes.
- ♠ The Council tentatively set the next meeting in Fort Benton on July 21.

**CALL TO ORDER AND ROLL CALL**

Chairman Witt called the meeting to order at 9 a.m. All members were present except for Senator Tropila, who was excused. The minutes from the January 20, 2006 meeting were adopted unanimously. Fred Guardipee, new Council member was introduced.

## **POKER SUBCOMMITTEE REPORT**

Gene Huntington reported on the meetings and conference calls which were held and stated that there were 230 dealers applications in fiscal year 2004 which increased to over 800 in fiscal year 2005 and he explained that temporary dealer licenses cause many problems for the Division. Dealer's licenses would increase to \$250, which would include the \$34 fingerprint processing fee, the renewal fee would be increased to \$200 per year. A 3-year license would be available for new dealers for \$550 and \$500 for renewals. Ken Smith, Billings, stated that the increased dealer's license fee is excessive and needs to be affordable.

Mr. Huntington indicated that casino night law does not allow poker tournaments and the committee recommends no charitable poker tournaments. The subcommittee also recommends limiting the number of tournaments to 12 of no more than 5 days; limiting any operator to no more than 60 tournament days in any year.

Mr. Tooke stated that the MTA and GIA agreed to an \$800 pot limit. Mr. Huntington explained that at the meetings in Great Falls the pot limit was a major concern and that all committee members had been polled and a \$500 pot limit was the consensus. Mr. Huntington proposed that the card room contractor license fee increase to \$500. Sandy Jones, Member, MTA Poker Committee, stated that they support the \$800 pot limit and do not support off-premises tournaments. She also stated that the \$300 per hand limit needs to remain for tournaments to allow tournaments to offer larger pot limits. Mr. Huntington explained that there needs to be a clear formula set in statute for calculating the top prize in a card tournament.

Rich Miller, Gaming Industry Association, expressed the support of the GIA for the \$800 pot limit and supports the existing calculation for maximum prizes in tournaments. He also recommended removing subsection (4) of the Subcommittee recommendations for the multiple location tournament. The GIA also agreed with the recommendation of the subcommittee to amend the law to provide a definition of social card games with prizes of minimal value as not constituting gambling, leaving out poker and pan. Mr. Miller stated that the GIA also supports increased fees for dealers licenses and stated that licensed dealers need to be on premises for electronic poker tables. Mr. Miller stated that this should be considered a professional license for a dealer and wants dealers to be committed to their profession.

Mark Wass, President, GIA, stated that there should be a cap on the fee per table for tournaments.

A motion was made to increase the pot limits to \$800 per hand and the motion passed 7-1 with Bill Thomas opposed.

A motion passed unanimously to split the fee for live card games 50/50 with local governments.

A motion passed unanimously to increase the table fee to \$50 per table for a card tournament with a \$200 fee cap per tournament.

### **DISPLAY OF PAYOUT STATISTIC**

Mr. Huntington then reviewed the issue paper on displaying the rate of return on video gambling machines and the Pam Bucy Memorandum. A motion passed unanimously to not proceed with legislation on this issue.

### **NEGATIVE VIDEO GAMBLING TAX**

Gene Huntington reviewed the issue paper on the negative video gambling machine tax. Rich Miller indicated that the GIA was not in favor of opening up this issue with legislation. Ronda Carpenter of the Montana Coin Operators and Mark Staples of the MTA concurred with Rich's comments. Tim Carson made a motion to take no action and the motion passed unanimously.

### **BINGO SURVEY**

A discussion was held concerning bingo. Mark Ehli stated that there needs to be changes to increase the entertainment value of bingo. Mr. Huntington reported that when the New Games Committee did a survey people wanted multiple patterns for bingo, but non-profits resisted change.

Tim Carson stated that there was resistance to session limits, he said that bingo needs to be kept fresh, fraternal organizations can stay the same, but this needs to be addressed to modernize bingo. Mr. Carson explained that this is a crucial time for bingo to maintain it for the future.

Sandy Jones explained that people may not have paid attention to this second survey. Ms. Jones agreed that the games need variation and entertainment value and that changes need to be made so that bingo is not lost in the state. Mike Kenneally, Lucky Lil's, agreed that changes would be good.

A motion was made to allow the Division to approve other variations of bingo that are not played in 5 columns, 5 spaces each. The motion passed 7-1 with Pam Kennedy opposed.

### **PROBLEM GAMBLING**

Mr. Huntington briefly discussed the issued paper on the proposal to create a funding structure for treatment of problem gambling. Mr. Huntington explained that there is a

need for additional funding for this treatment. Rich Miller (Board member) explained that the Montana Council on Problem Gambling is a privately funded organization and 98% of its funding goes to treatment. He explained that the Council believes that state funding is not in the best interest of this Council and the Council will seek and secure private funding. Mr. Miller explained that the Council appreciates the State's effort to help, but the Council is not interested in pursuing this funding from the State.

A motion passed unanimously to wait until the next meeting to address this issue on the condition that Mr. Miller will report to the Council at the next meeting on his efforts to secure adequate funding.

### **CREDIT GAMBLING**

Mr. Huntington explained that the Division has had a case where credit cards are being used where the sale is not represented as a cash advance in violation of the merchant agreement. A motion was made by Nick Murnion to authorize legislation changing the language in statute (23-5-157) to debit card. The motion died. The Division will continue to review this matter.

### **PROPOSED BUDGET MODIFICATIONS**

Mr. Huntington reviewed the summary of budget requests for fiscal years 2008 and 2009. He explained that the Division will continue appropriation of funds for completion of the GenTax database. Mr. Huntington also explained that in order to deal with the increase in workload related to the growth in poker, the Division proposes to add two additional investigators with the related operational expenses (cars). The budget also needs to continue the appropriation of tobacco settlement funds to pay for enforcement of tobacco taxes and smuggling related to higher tobacco taxes. This appropriation funds two investigator positions and the related operational expenses. The budget requests include additional authority for testing video gambling machines and accounting systems. The funding for testing comes from testing fees charged to the manufacturers or accounting system vendors. This modification would provide the authority to spend the additional money, should the lab experience a peak in demand for testing.

Mr. Tooke expressed concern that resources are being used for tobacco enforcement instead of gaming enforcement.

### **UPDATE OF GENTAX DATA BASE**

Mr. Huntington provided a brief update on the GenTax Date Base, he explained that now there are only two tiers of systems, each machine will get a unique identification number and this system will not only collect video gambling machine taxes but will change the

way the Division licenses operators and permits video gambling machines. Timelines for implementation of the database were discussed.

### **PROPOSED RULES FOR TESTING ACCOUNTING SYSTEMS**

Mr. Huntington explained the draft of the proposed new rules and rule amendments.

### **UPDATE ON TRIBAL COMPACT NEGOTIATIONS** **DEANNE SANDHOLM, GOVERNOR'S OFFICE**

Deanne Sandholm, Governor's Office, explained the status of various tribal compact negotiations. She explained that there have been no new negotiations with Fort Peck or the Crow Reservation, they already have compacts in place. The Rocky Boy compact was negotiated and signed in November 2005 with a \$1,500 payout limit and 300 machine limit. There are ongoing negotiations with the Northern Cheyenne and their current compact will expire June 2007. Formal negotiations will begin in May with Fort Belknap, no compact is in place at this time. Ms. Sandholm stated that the Salish & Kootenai have requested complete jurisdiction over Class III gambling on the reservation, both tribal and non-tribal; and they wish to have no limits on prizes or machine number. Their current compact will expire November 30, 2006.

### **INTERNET GAMBLING**

Mr. Huntington reviewed the status of Internet Gambling and stated that education and cooperation with other states is the key to dealing with this problem.

### **FINAL BUSINESS**

The meeting adjourned at 1:03 p.m. The next meeting will tentatively be held July 21 in Fort Benton.